

1 is.

2 Q Now, the use of the programming consultant is  
3 generally a decision that is made, you know, by a particular  
4 general manager?

5 A Well, it could be made by the general manager in  
6 discussions with the owner of the station.

7 Q In this case the owner being Pathfinder?

8 A Correct. I mean, you know, they often will  
9 interview or they either interview a number of them or they  
10 have a prior relationship with the or like a particular  
11 consultant. I mean, there is all kinds of reasons.

12 Q And turning to page 6 of this exhibit.

13 A Yes.

14 Q With respect to the number 641.45, that's the  
15 station in Grand Rapids' account?

16 A Yes, it is.

17 Q The circled amount, \$1400, the initials, is that  
18 MF again, which would --

19 A The accounts payable clerk's initials, and  
20 approved by Dave Hicks.

21 Q Who at the time was the general manager of that  
22 station?

23 A That's correct.

24 MR. SHOOK: Your Honor, I believe you've already  
25 had received into evidence from that exhibit pages 1, 2, 4,

1 5 and 7, and with Mr. Watson's testimony, we'd offer pages 3  
2 and 6.

3 JUDGE CHACHKIN: Any objection?

4 MR. JOHNSON: None, Your Honor.

5 JUDGE CHACHKIN: The entire exhibit has been  
6 received.

7 (The document referred to,  
8 having been previously marked  
9 for identification as MMB  
10 Exhibit No. 118, was received  
11 into evidence.)

12 BY MR. SHOOK:

13 Q Mr. Watson, could you please turn to Exhibit 101?

14 A Okay.

15 Q With respect to the first page, could you identify  
16 this document for us, please?

17 A Yes. This is a worksheet that was done that  
18 allocated the premium for auto insurance to various entities  
19 to which it should be charged, to whichever entity should  
20 bear the burden that their claiming, the insurance premium.  
21 And this is the breakdown by vehicle into the various  
22 divisions of -- into various operating entities, including  
23 Hicks Broadcasting.

24 Q Now, in terms of all the entities that are listed  
25 here, is there any entity, other than Hicks, that is not

1 owned by Pathfinder or Truth?

2 A Well, FM Construction isn't owned by Pathfinder or  
3 Truth.

4 Q What is that?

5 A It is a -- but it is a company -- it is a  
6 partnership which another -- which a company that John  
7 owned, had some ownership interest in, but it's not owned  
8 by -- I mean, it has nothing to do with Pathfinder or Truth.  
9 It is just another entity, again so that -- that is named in  
10 this insurance policy, and there is a unit, a vehicle, that  
11 they should be charged for.

12 And also OI Capital Corp is not owned by Truth or  
13 Pathfinder. That is a - that is an entity which John has had  
14 ownership in at that time.

15 Q Now, did either OI Capital or FM, was it  
16 Construction?

17 A FM Construction.

18 Q Construction. Did either one of those entities  
19 hold any broadcast licenses?

20 A No.

21 Q In terms of the various stations here, these are  
22 all stations that are licensed to either Pathfinder or to  
23 Truth?

24 A There is one other one, K105 is licensed to JAM  
25 Communications, Inc.

1           Q     And what is the rational for including that in  
2     this list?

3           A     Well, again, that was -- that is a company that is  
4     also named in that policy, and the insurance company allowed  
5     those vehicles to be covered under the same policy, and  
6     that's why it's there.

7           Q     And what relationship, if any, did Pathfinder or  
8     Truth have with JAM?

9           A     Pathfinder and Truth did not have any. John had  
10    some -- had -- at that time, I think, was 50 percent owner.

11          Q     He personally was 50 percent owner of --

12          A     Shareholder --

13          Q     Shareholder.

14          A     -- of that corporation, that's right.

15                 And, again, the purpose of this was so that each  
16    operating entity got -- shared in their own expense for  
17    their own vehicle.

18          Q     And at this time Hicks Broadcasting had one  
19    vehicle according to this list?

20          A     That's correct.

21          Q     Could you turn, please, to the second page?

22          A     Okay.

23          Q     Could you tell us what this represents?

24          A     I think what it represents from memory, but I  
25    believe that it represents -- if you recall, I had indicated

1     that whenever you -- at the renewal of any insurance policy  
2     or the beginning of any insurance policy you give the  
3     company estimates of what things -- the way you think things  
4     will go for the next 12 months. And at -- on -- the numbers  
5     provided in the typewritten there were the numbers given to  
6     them at the beginning of the year, the renewal period, and  
7     then this for some reason -- well, 12 months later we got  
8     the results of an audit that was done, and that's normal. I  
9     mean, they do an audit at the end of each 12-month period to  
10    see did your actual equal your estimates. And in this case  
11    there apparently was -- I'm sorry, this may not be the  
12    results of the audit. This may be the breakdown of that  
13    actual estimate.

14               In other words, based on that estimate, it may be  
15    the breakdown of the actual premium for workers' comp  
16    insurance. I'm sorry, I don't -- I'm not positive what it  
17    is. I believe that's what it is. It's the break -- it's  
18    the breakdown for the coverage of workers' comp insurance by  
19    entity, and you can see that the one estimate of 5,121 is  
20    then broke down further between WTRC, WBYT and WRBR.

21           Q     And what is the breakdown? It's hard for me to  
22    read it.

23           A     Well, it's hard for me too, but it would appear to  
24    me, if you'll -- I happen to see this next page. I would  
25    guess that RBR is a 30 percent breakdown, TRC is a 37

1     percent breakdown, and BYT is a 33 percent breakdown.

2           Q     So, in other words, the third page is tied in with  
3     the second page?

4           A     I believe so, Jim. It would appear to me that it  
5     is. And it's based -- and that breakdown, again, it was an  
6     attempt to do it as good a job as possible to break that  
7     premium down to each division based upon their contribution  
8     to each entity's total payroll.

9           Q     Now, with respect to the third page, what appears  
10    to have been a note perhaps pasted onto the sheet, dated 7-  
11    13-94.

12          A     Yes.

13          Q     Bob is you?

14          A     Yes.

15          Q     And when it says, "I gave Nancy percentages,  
16    Tony," is that supposed to be Tony Edelman?

17          A     Yes.

18          Q     And Nancy is who?

19          A     Nancy was the senior accountant in the business  
20    office that did the accounting, basically kept the -- this  
21    insurance is a prepaid insurance premium and then it's  
22    written off over time, and she keeps track of the write-off,  
23    making sure that it's written off to the right entity,  
24    expensed to the right entity.

25          Q     Now, with respect to the entities that appear on

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1 page 2, is it -- with the exception of WRBR -- all the  
2 entities are licensed broadcast facilities of either  
3 Pathfinder or Truth?

4 A With the exemption of what now?

5 Q WRBR, which is handwritten.

6 A Which is handwritten.

7 Again, the -- the WQHK-FM in --

8 Q Decatur, Indiana.

9 A -- Decatur, Indiana, is JAM Communications, Inc.

10 Q That's the one you said Mr. Dille owned a 50  
11 percent interest?

12 A At that time, that's right.

13 Q Could you turn, please, to page 4?

14 A Okay.

15 Q And could you tell us what this document  
16 represents?

17 A This is a document that's being returned from the  
18 insurance company breaking down the professional liability  
19 insurance for each entity shown. And so basically the total  
20 premium, as you can see, was 14,808, and you'll notice that  
21 TPC and Pathfinder, that is -- that is merely the breakdown  
22 of how the premium -- as to where the prepaid portion of  
23 that 14,808 went. It went on Pathfinder's books. However,  
24 the portion that pertained to WRBR, you'll notice is \$583  
25 there?

1 Q Right.

2 A That was actually written off, even -- prepaid,  
3 put on Pathfinder's books, but written off every month to  
4 WRBR. And just like all these premiums area. They are a  
5 annual premium, and they are written off each month as a --  
6 what you would do in a normal prepaid insurance situation.

7 Q TPC is Truth Publishing Company?

8 A Yes.

9 Q Now, with respect to all of the call signs listed,  
10 other than WRBR, which of these do not -- are not licensed  
11 to Pathfinder or Truth, if any?

12 A Well, the only one at that time would have been  
13 WQHK-FM, which again was JAM Communications.

14 Q Just to clarify for us, what is communications  
15 liability insurance?

16 A This is their liability insurance for basically  
17 their broadcasts. It covers slander insurance and things  
18 that are said over the air that one might be sued for.

19 And this breakdown, by the way, comes from the  
20 insurance company itself, and they determine that premium.

21 Q Turning to page 5.

22 A Okay.

23 Q Now, perhaps you can assist me with this, but I  
24 think pages 6, 7, 8, 9, and 10 are the -- I guess, it's the  
25 greater detail that provides the information that appears on



1 page 5. If you would just take a moment and look through  
2 that and if you could verify that for me.

3 A It would appear to me that that is the detail of  
4 all of -- of all of the vehicles for which the insurance  
5 quoted, the insurance premium.

6 Q Now, I notice that WRBR had one vehicle on the  
7 insurance for 1994, but it now appears to have two and a  
8 half vehicles for 1995?

9 A Yeah, I see that too. I don't know what it is.  
10 I'd have to go back to the detail here.

11 Q And you don't know how it came to pass that WRBR  
12 went from one to two and a half vehicles?

13 A No, not offhand. I mean, again, the detail -- the  
14 object of the exercise is to go through the detail of  
15 vehicles, properly identify the use of vehicles, and  
16 allocate the premium accordingly.

17 Q Now, again, with respect to page 5, first of all,  
18 could you identify for us which entities here are those  
19 which do not hold broadcast licenses?

20 A FM Construction, Sign Pro, OI Capital Corporation,  
21 Banner, Communicana Building.

22 Q Now, for each of those entities that you've named,  
23 what relationship, if any, did they have with the Dille  
24 family?

25 A Well, Communicana -- go down each one of them.

1 The Communicana Building is just a -- it's the building  
2 which is owned by Truth Publishing Company. Banner is a  
3 division, it's a newspaper, which is a division of  
4 Pathfinder. OI Capital is a company, part -- at that time  
5 partially owned by John Dille. Sign Pro is owned by John  
6 Dille.

7 I can't read that one, it says Ventures.

8 Q It looks like FED. Ventures.

9 A Oh, oh. That was another separate division of  
10 Pathfinder for a very short period of time. FM construction  
11 was a partnership which OI Capital at the time had some  
12 ownership.

13 Q And with respect to the stations listed, other  
14 than WRBR?

15 A Other than WRBR?

16 Q Are they owned by Pathfinder or Truth?

17 A Except for K105, which is owned by JAM  
18 Communications.

19 Q Who at the time continued to have Mr. Dille as a  
20 50 percent owner?

21 A Yes.

22 Q With respect to pages 6 through 10, do you know  
23 what the handwriting is supposed to represent that appears  
24 in front of each listed vehicle?

25 A Well, it was the -- it was supposed to be an

1     indication of where that vehicle was located and where it  
2     was used.

3             Q     Do you know who put that handwriting there?

4             A     That's -- most of it certainly would be -- I  
5     believe that most of it is Eileen Doran's, my assistant, who  
6     maintains the list of automobiles and actually prepared --  
7     gathers this for each time renewal time comes, and maintains  
8     it through the year.

9             JUDGE CHACHKIN:   What does it mean on page 5 when  
10    there is a fraction, like WRBR, two and a half?

11            THE WITNESS:   I can only assume, Your Honor, that  
12    that is some vehicle that is being shared, it appears to me  
13    to be shared with BYT.   And I'd have to go back to the  
14    detail to see, but that's what it appears to me.

15            BY MR. SHOOK:

16            Q     Now, in looking through this list, I was trying to  
17    find those things where WRBR was noted, and I have been able  
18    to come up with three.   If you go to the bottom of page 8,  
19    the second to the last entry.

20            A     Yes.

21            Q     Is that WRBR?   Am I reading that right?

22            A     Yes, it appears to me.

23            Q     Now, they have -- they are the proud owner of a  
24    1951 Plymouth Sedan?

25            A     At that time, yes.

1           You would have to know their format at that time.  
2       It was oldies.

3           Q     I see. It doesn't get much older.

4           MR. CRISPIN: I object to that.

5           (Laughter.)

6           BY MR. SHOOK:

7           Q     If we turn to page 9, I see two additional entries  
8       noting WRBR.

9           A     Where is -- I see one of them that is split. Here  
10       is one of the split ones, Your Honor, on page 9. The half  
11       comes from, at that time, Steve Kline's car is split half  
12       and half between the two, so that each of those stations  
13       bears half of the insurance premium on that car.

14           And I don't know about the other one, Jim. I  
15       don't know if I saw it. Oh, yeah, right up above that.

16           That is the -- that is the vehicle at that time  
17       that was being operated by the general sales manager of both  
18       BYT and RBR, and his expenses are shared half and half,  
19       split 50/50 between the two radio stations.

20           Q     All right. So thus far, if I'm counting right, I  
21       come up with two, and perhaps in here there is another half  
22       vehicle represented for WRBR.

23           A     I presume there is, yes. I think that would be  
24       the -- certainly the way It should have.

25           Q     Now, again, with respect to 1994, there was only

1     one vehicle noted. Do you know how it is they got to two  
2     and a half vehicles in 1995?

3             A     Not without the detail, Jim. I'd have to -- I'm  
4     really not sure.

5             Q     And do you have any knowledge as to how such  
6     information or when such information was transmitted to Mr.  
7     Hicks?

8             A     This actual information here? I mean, this  
9     detail?

10            Q     About what vehicles the company owns and, you  
11     know, what they have to pay for them.

12            A     Well, he knew what the company owns. I knew that  
13     when he bought the company, and he knows what vehicles are  
14     being operated the company all the time. I mean, I presume  
15     knows that through Steve.

16                    I can't recall if I ever actually -- I mean, he  
17     knew, obviously, that the insurance is being provided  
18     because he was being charged for it. Whether this exactly  
19     was communicated to him, I do not remember if that was. It  
20     probably was not.

21            Q     Now, could you please turn to pages --

22            A     Now, had the premiums gone up a tremendous amount,  
23     I mean, that kind of a -- that's the kind of thing that  
24     would have triggered me talking to him about it; not just a  
25     breakdown of the premium. But he's know what he's getting

1 charged for. He knows which vehicles he's operating.

2 Q And the reason he would know that is how, again?

3 A He knows the -- I mean, he's -- I presume he would  
4 know because he's actually involved in the station. He  
5 knows -- he's talking to Steve all the time. He knows what  
6 expenses they pay. This is also treated as an accounts  
7 receivable.

8 JUDGE CHACHKIN: As far as the premium, the  
9 portion of the premium?

10 THE WITNESS: Well, yes, but then it gets paid. I  
11 mean -

12 JUDGE CHACHKIN: Paid for what?

13 THE WITNESS: Hicks pays it.

14 JUDGE CHACHKIN: Hicks Broadcasting pays it?

15 THE WITNESS: Yes. I mean, Pathfinder pays the  
16 bill. It becomes a receivable from Hicks, and it goes  
17 against revenue, their portion of the month's revenue, which  
18 is also owed to Hicks. Okay, so it gets -- then -- so, in  
19 essence, the net revenue, revenue minus expenses does now  
20 get paid to Hicks in two installments.

21 BY MR. SHOOK:

22 Q When Booth was the operator of WRBR, was  
23 Pathfinder paying any auto insurance premium relative to any  
24 vehicles owned by Booth and operated at WRBR?

25 A There was one vehicle at that time. There was a

1 van that was shared and was part of the joint venture, and  
2 I'm referring to this as venture now because it mentions in  
3 the agreement, it calls it a venture. And as part of that  
4 venture, there was a van that was shared, and it was all  
5 insured by Pathfinder, but Booth ended up paying half of the  
6 insurance on it.

7 JUDGE CHACHKIN: So this vehicle then was  
8 partially owned by both companies?

9 THE WITNESS: It was only really owned by  
10 Pathfinder, but it was shared by both. It was part of the  
11 venture. Therefore, it was expensed to both companies.

12 JUDGE CHACHKIN: Well, was it treated, commingled  
13 as these other -- among all the Pathfinder stations?

14 THE WITNESS: Yes, Your Honor.

15 JUDGE CHACHKIN: It was?

16 THE WITNESS: Yes, Your Honor.

17 JUDGE CHACHKIN: Go ahead.

18 BY MR. SHOOK:

19 Q And to that extent, it was viewed as what, one of  
20 the expenses under the Joint Sales Agreement?

21 A Yes.

22 Q So that was the justification for treating it as a  
23 Pathfinder expense and then charging half of it to Booth for  
24 the auto insurance?

25 A It was treated as a Pathfinder vehicle, and the

1 premium was split, and then charged to the joint -- yes,  
2 have to WRBR under the Joint Sales Agreement.

3 Q Now, do you happen to know how the -- excuse me  
4 for doing this but I neglected to ask this question before.  
5 Jumping back to the 1994 listing, which notes --

6 A Which page are you on?

7 Q That's at page 1.

8 A Okay.

9 Q The 1994 listing that notes WRBR as having -- or  
10 Hicks Broadcasting, rather, excuse me, as having one  
11 vehicle.

12 First of all, I guess, I think we weren't sure  
13 what vehicle that might have been?

14 A I can't determine from what's here.

15 Q Okay. Well, moving up then to the 1995 listings,  
16 which we did look at and it showed three vehicles, one of  
17 which was apparently exclusively for WRBR and the other two  
18 of which were shared, do you happen to know how those  
19 vehicles were licensed? Or Titled? Excuse me.

20 A First of all, the ones that are split, which is  
21 the Cherokee -- I'm trying to find them.

22 Q Right, on page 9. The Cherokee and the Mazda.

23 A The Cherokee and the Mazda were both leased  
24 vehicles.

25 JUDGE CHACHKIN: By whom?



1           THE WITNESS: They would have been actually --  
2           they were really barter leases, but they would have been  
3           with Pathfinder Communications Corporation, but they were  
4           being operated by -- here is what's key. They were being  
5           operated by an individual who was the general sales manager  
6           over the joint venture. He was selling -- in charge of both  
7           stations, both stations' sales, and therefore his expenses  
8           gets split.

9           Now, I believe that -- I believe the '51 Plymouth  
10          was licensed to Hicks.

11          MR. SHOOK: Okay, Your Honor, I would request if  
12          there is such a titled document available, that it be  
13          produced.

14          JUDGE CHACHKIN: Are such documents available?

15          MR. JOHNSON: You might ask him if they still own  
16          the vehicle?

17          MR. SHOOK: I think from later on the record  
18          reflects that they don't, but all I'm asking is whether  
19          such, you know, evidence of the title exists.

20          THE WITNESS: Could somebody make a note of that  
21          for me, please?

22          JUDGE CHACHKIN: A note will be made and the  
23          information will be supplied.

24          MR. SHOOK: There was just a --

25          JUDGE CHACHKIN: I said the information will be

1       supplied, apparently, is my understanding.

2               MR. SHOOK: Thank you.

3               JUDGE CHACHKIN: Do you have something more or  
4       should we take a 10-minute recess?

5               MR. SHOOK: We can take a recess.

6               JUDGE CHACHKIN: Okay, a 10-minute recess.

7               (Whereupon, a recess was taken.)

8               JUDGE CHACHKIN: All right, on the record.

9               BY MR. SHOOK:

10              Q     Mr. Watson, I would now like you to look at page  
11     11 through 16 of Exhibit 101. And at the top of each there  
12     is a reference to something called "Crystal."

13              A     Eleven, 12, 13, is that it?

14              Q     Fourteen.

15              A     Fourteen.

16              Q     Fifteen and 16.

17              A     Fifteen and 16. Okay. Okay.

18              Q     Could you tell us what these represent?

19              A     Well, I can tell you I've never really seen these  
20     before. I don't really look at these. But I can tell you  
21     what Crystal means, and I can tell you what I think this  
22     represents, what I'm sure this represents, okay?

23                    Crystal is the national rep firm that is the  
24     national rep for both WBYT and WRBR. They are the firm that  
- 25     sells what's called the national advertising for those two

1 stations. And Crystal is their name, and this is a listing  
2 of the various national schedules, schedules of advertisers  
3 that ran in the month of February 1996, and this is the  
4 commission that is owed to the rep firm, Crystal, 592.90 had  
5 to be paid to them for their selling of national  
6 advertising, and that premium is being split 50/50 between  
7 WBYT and WRBR, as was these sales split 50/50.

8 Q All right, now, with respect to the writing in the  
9 lower, or in this case it's the upper part of the page. If  
10 you are looking at the page in terms of how it was prepared,  
11 it would probably appear in the lower left where it says, it  
12 looks like APR, and then 5-15-96.

13 What does that mean?

14 A Well, I don't quite understand why it says April  
15 exactly because it's February. Obviously, billing the month  
16 of February. Normally, these things -- I mean, I can tell  
17 you, almost without exception, they are accrued for the  
18 proper month in which they are billed. Even if this  
19 wouldn't be paid until May 15, 1996, it should have been  
20 accrued in the month of February as a payable because --  
21 because that money is owed to them in the month in which  
22 it's billed.

23 I think the -- I'm not sure what the April means,  
24 but 5-15 means paid on 5-15, and that's when it got paid.  
25 In this case, I'm not sure what the April is. It doesn't

1 make sense to me.

2 Q In terms of the circled amount, the initials that  
3 appear next to it, that was the --

4 A I'm pretty sure that's the initial of Tony  
5 Edelman, believe it or not -- I'm pretty sure in this case  
6 it is because he monitors payment of these commissions. I'm  
7 not sure if that is his or now.

8 Q Yeah, I believe before when initials like this had  
9 come up --

10 A Accounts payable clerk.

11 Q Right.

12 A Okay. The SK is Steve Kline.

13 Q Turning to page 12, under the circled amount there  
14 appears some initials. It looks like CS?

15 A Yes, that is the accounts payable clerk, I'm sure.

16 Q And the SK would be Steve Kline?

17 A Correct.

18 Q Now, in the middle of the page basically, at this  
19 point off to the left near the middle hole, there are a  
20 series of numbers there.

21 What does that represent?

22 A That represents the account numbers for WRBR,  
23 352.05, and WBTY, 362.05. The expense of this commission  
24 that relates to the sales that the split is also being split  
25 50/50.

1           Q     And if you go to page 13, that's basically the  
2     same information as page 12 but for a different month, or I  
3     guess it's a continuation. Why don't you tell me what it  
4     is.

5           A     Excuse me. If you look at the first page, page  
6     12, you will note up at the top it says, "WRBR"?

7           Q     Yes.

8           A     Those national advertisers, those advertisers ran  
9     only on WRBR. On page 13, those were the -- apparently the  
10    only advertisers, national advertisers that ran on BYT.

11                    Again, those stations shared equally in the  
12    revenue. The national advertising revenue got split 50/50  
13    between them. Therefore, the commission relating to those  
14    sales gets split 50/50.

15          Q     And that was regardless of which station the ads  
16    ran on?

17          A     It didn't matter.

18          Q     And that was basically how the Joint Sales  
19    Agreement was --

20          A     That was in accordance with the Joint Sales  
21    Agreement. And that was -- I mean, the same with Booth. I  
22    mean, it didn't matter whether it was Hicks or Booth. They  
23    were split in accordance with the Joint Sales Agreement.

24          Q     And if we turn to pages 14, 15 and 16, what we  
25    have is, I guess, the analogous situation for the month of

1 April '96, that we have looked at with respect to pages 12  
2 and 13 for the month of March of '96?

3 A Yes.

4 Q Could you please turn to page 17?

5 A Okay.

6 Q Could you tell us what this document represents?

7 A This appears to be an invoice from Strata  
8 Marketing dated April 1, 1996, in the amount of \$825, and it  
9 relates to a service provided to WBYT and WRBR called  
10 "Strata," and it is being split 50/50. This is a -- this is  
11 a prime example of a joint venture expense, an expense which  
12 is shared. It's a common selling expense.

13 Q Now, in terms of the bill itself, where it's  
14 addressed, I take it Vince Ford has long since left the  
15 scene?

16 A This is dated -- yeah, yeah. Yes. He has been  
17 gone since March 1994. Apparently nobody has told Strata to  
18 change the name on it.

19 Q All right, could you please turn to pages 18  
20 through 22?

21 A Okay.

22 Q Now, is there anything different about the  
23 ownership of the listings in 1996 than there were in 1995?

24 It appears to be many of the same, if not all, the  
25 same entities that we have looked at on the 1995 list.

1           A     It appears to be very close to it, yes.

2           Q     One exception, I suppose, being the -- in the  
3 middle of the page there is a reference here to Sign Pro,  
4 and then it says "(GR)".

5           A     Right. That's the Sign Pro shop that was opened  
6 in Grand Rapids, and apparently they have a vehicle.

7           Q     Now, I notice for 1996, that WRBR is back down to  
8 one vehicle.

9           A     Yeah, that would surprise me really that they  
10 would be down to one. I would have expected them to have,  
11 oh, something similar to 1995, where they shared in a -- the  
12 general manager's and the sales manager's vehicles. It  
13 would appear to me that somebody made an accounting error.

14          Q     Well, let's see about that.

15                 With respect to page 20, first of all, it appears  
16 that a vehicle, the 1951 Plymouth was sold?

17          A     It would appear.

18          Q     And I take it, in part, because the station has  
19 made the switch from oldies to that ear-splitting rock that  
20 we've also come to love. Would that be the case?

21          A     I believe so.

22          Q     Now, turning to page 21.

23          A     Yes.

24          Q     Notice in the middle of the page --

25          A     Yes.

1 Q -- we still have the Cherokee and the Mazda?

2 A Okay. Yeah, and that was the split I would have  
3 assumed, so that would equal one. That's the general  
4 manager's vehicle and the general sales manager's vehicle.

5 Q Were you involved in the sale of the Plymouth?

6 A I may have. I probably -- I'm sure I keep the  
7 title to it. I mean, it would be -- as part of the records  
8 of Hicks Broadcasting, I would have maintained the title.

9 Now, I don't recall -- don't recall who bought it  
10 or anything without looking back at the -- again, it would  
11 be in a file, in Hicks' file somewhere.

12 Q Do you happen to know --

13 A I mean, I have to go back and find it.

14 Q Do you happen to know who was involved in the  
15 sale?

16 A No, I don't know who it was sold to at this point.  
17 I'd have to go back and --

18 Q Right, I don't necessarily mean who bought it, but  
19 who was involved in the sales end, who was involved in the  
20 process of selling the vehicle?

21 A I don't recall. I don't know. I don't remember  
22 anything about the transaction.

23 Q Please look at page 23 and 24.

24 A Okay.

25 Q Could you tell us who prepared these documents?



1           A     These documents came from the insurance company or  
2     the insurance agent.

3           Q     And what do they represent?

4           A     They represent a breakdown of the total premium  
5     for the period June 1, '96 through June 1, '97. The  
6     insurance company at my request breaks down the premium by  
7     entity, and the different kind of insurance that related to  
8     this one premium. Commonly they refer to this as a package  
9     premium, and they break down that package premium, which was  
10    a -- into those categories and into those different  
11    entities.

12          Q     Now, looking at page 23, the second reference  
13    there is to WBYT/WRBR.

14          A     Right.

15          Q     Do you see that?

16          A     Yes, I do.

17          Q     Now, what does the "(15)" refer to after that?

18          A     I really don't know. I could only -- I would only  
19    have to guess that it refers to --

20          Q     Well, you don't have to, if you don't know that.

21          A     No, I don't.

22          Q     Now, the insurance for WRBR that's reflected on  
23    this is for property?

24          A     That particular premium was for property, that's  
25    correct.

1           Q     And this was insurance that was obtained by  
2     Pathfinder?

3           A     On behalf of Hicks, yes.

4           Q     Now, with all the listings under "Property" had  
5     basically been purchased at one time, or are we talking  
6     separate insurance purchases?

7           A     I'm sorry?

8           Q     When you look under the column of "Property"  
9     there, there is a series of figures given corresponding with  
10    the particular division is what --

11          A     Uh-huh.

12          Q     Is what is noted.

13          A     Okay. And your question is?

14          Q     My question is, were the property insurance  
15    packages -- is it one package or, you know, a series of  
16    packages? Were they purchased at once or how did this work?

17          A     This -- this entire two pages covers the insurance  
18    premium which the insurance company quoted, said this is  
19    going to be the total premium for the next 12 months. This  
20    is the premium. And their attempt then is to break it down  
21    based upon some information that I would have provided them  
22    before -- way before this renewal date. I would have  
23    provided them approximate values of the property at each  
24    location here, and that's -- then they go back and compute,  
25    based on the values that I provided them, they go back and

1       compute what the premium is for each entity.

2           Q       And was this -- was this service on Pathfinder's  
3       part relative to WRBR tied into the accounting agreement in  
4       some way?

5           A       I -- well, if you recall, we had talked about the  
6       insurance itself. I mean, the insurance -- Dave asked early  
7       on if we could provide, you know, insurance. I mean, what  
8       would be about -- what would be wrong is us being part of  
9       your policy, and I didn't know if it could be done, but I  
10      checked into it and they allowed that.

11          Q       Now, this was the conversation you had with Mr.  
12      Campbell?

13          A       No. That particular conversation took place with  
14      Dave the initial -- when he was starting the company. And  
15      when he thought the closing was imminent, he knew he had to  
16      have insurance, and we discussed that subject of insurance.

17                 I then went to the insurance company, provided  
18      them with the information they wanted to know, and then they  
19      said -- came back and said yes, you may add them to your  
20      overall policy.

21                 Does that answer your question?

22          Q       I believe so.

23                 Could you please turn to page 25?

24          A       Okay.

25          Q       Now, do you know who prepared this document?

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1           A     Yes, it's on the letterhead of MBD Insurance  
2     Company.

3           Q     And who are they?

4           A     MBD Insurance is the insurance agent that is used.

5           Q     By?

6           A     Used by all these operating entities.

7           Q     And as you indicated before, WQHK is not licensed  
8     to Pathfinder. Is that the station that's licensed to JAM?

9           A     That's correct.

10          Q     And we know WRBR is licensed to Hicks?

11          A     That's correct.

12          Q     The other stations are licensed to either  
13     Pathfinder or Truth?

14          A     Yes.

15          Q     And do you know what insurance is represented  
16     here?

17          A     This is the professional liability insurance that  
18     I referred to, commonly referred to as slander insurance.

19          Q     Please turn to pages 26 through 30.

20          A     Okay.

21          Q     And what does this information represent?

22          A     This is basically -- it a similar exercise that  
23     had been done, that you've seen before, in an attempt to  
24     break down the auto insurance premium by division here, by  
25     operating division, so that they share in their own -- in

1     their respective cost of the insurance.

2           Q     Now, WRBR is up to two vehicles. And then looking  
3     at the list of vehicles that appear on pages 27 through 30,  
4     page 30 again reflects the Mazda and the Grand Cherokee.  
5     But when we go back to page 27, am I reading it right that  
6     number five is a WRBR vehicle, the Astro Mini-van?

7           A     Well, it appears to be, or it -- yes. I mean,  
8     that's what it says here, yes. I don't know. It may be  
9     being used by -- by RBR. I'm not sure who owns it.

10          Q     That was going to be my next question, who the  
11     vehicle --

12          A     I believe, Pathfinder owns that, and, in fact, I  
13     think that might be one that we're sharing. I think that's  
14     a van that is sharing, and if I recall, a couple of months  
15     ago we actually -- if this is the one, I'm not positive, but  
16     I think it's the one that they are now -- some rent is being  
17     charged to WRBR for this thing. It's a van that the  
18     engineering uses a lot, I believe, and it's being rented. A  
19     portion of it's being rented. There is an amount that WRBR  
20     is paying for rent on this vehicle. Not back then, but a  
21     couple of months ago.

22          Q     Well, maybe this will help in terms of remembering  
23     what this vehicle might be and what the title is and what's  
24     going on with it.

25                 If you could turn, please, to Mass Media Bureau

1 Exhibit 100, pages 10 and 11.

2 A Okay.

3 Q Now, first of all, you know what pages 10 and 11  
4 of Exhibit 100 represent?

5 A They -- yes, they are minutes of a meeting that  
6 Hicks Broadcasting had in -- back in August 20, 1997.

7 Q A meeting that you attended?

8 A Yes.

9 Q And if you look at the top of page 2.

10 A Okay.

11 Q Just read that to yourself.

12 A Okay.

13 Q You see it make reference to a van?

14 A Yeah.

15 Q And somehow this van has found its way up to Grand  
16 Rapids?

17 A Yes. And that's probably that vehicle that was  
18 charged -- that Sign Pro was charged insurance on way back  
19 in one of the exhibits we saw how Grand Rapids got it as a  
20 vehicle for insurance purposes. That might be it.

21 Q Right, although this reference indicates that the  
22 vehicle was owned by Hicks.

23 A Yes, I see that.

24 Q Now, how is it that a Hicks' vehicle is up in --

25 A I don't really know unless --

1 Q -- Sign Pro's shop in Grand Rapids?

2 A I don't really know unless somebody loaned it to  
3 them.

4 Q All right. Well, the minutes are from August 20,  
5 1997.

6 A Right.

7 Q And the last sentence of that paragraph reflects  
8 that you're going to get some facts regarding the return of  
9 the van?

10 A Yes, I do recall that part. But as far as it  
11 getting up there, I don't -- I mean, I don't know. Somebody  
12 loaned it to them. But I do recall taking care of getting  
13 it back.

14 Q Oh, and you did get it back?

15 A Yeah. Yeah. It's -- Sign Pro had to make some  
16 repairs to it, some auto repairs, and we got it back to  
17 WRBR. That part I remember.

18 Q So the vehicle was returned from Grand Rapids back  
19 to South Bend?

20 A Yes, it was.

21 Q Do you know how --

22 A If this is the same van, I think it is, it's still  
23 there and it's still being used.

24 Q Still there meaning still in South Bend or  
25 Mishawaka?

1           A     Yes.

2           Q     And how long did it take before that -- you know,  
3     return from Grand Rapids to Mishawaka?

4           A     I don't know offhand. I mean, I'm sure I acted on  
5     that fairly soon after the -- you know, within the proper  
6     amount of time for them to get estimates on the thing to get  
7     it repaired. I mean, I didn't even know anything about it.  
8     I had to find out the status of it, and it obviously needed  
9     some repairs. Sign Pro had used it. It had broke while  
10    they were using it. Whatever was wrong with it, they had to  
11    get it fixed before they could return it to WRBR operating.  
12    That part I remember.

13          Q     Would you please turn to page 31 of Exhibit 101?

14          A     Okay.

15          Q     Do you know who prepared this document?

16          A     This would have been prepared by the insurance --  
17    excuse me -- the insurance agent, I believe, not the  
18    company, the insurance agent.

19          Q     And what does it represent?

20          A     It again represents a breakdown of the -- what's  
21    commonly referred to as the package policy for the period  
22    June 1, '97 through June 1, '98, broke down by operating  
23    entities.

24          Q     And these operating entities are basically the  
25    ones that we've discussed previously?



1           A     Yes. Yes. Well, with a bit more finer detail.  
2     The insurance company changes their way of their analysis,  
3     but this was their -- this was a result of their efforts to  
4     break down the premium.

5           Q     Would you turn to page 32 of Exhibit 101?

6           A     Yes.

7           Q     And what does this represent?

8           A     This represents the agent's breakdown of the  
9     professional liability insurance for the period April 1, '98  
10    through April 1, '99. And each -- again, each operating  
11    entity is charged with their respective amount of insurance  
12    premium.

13               MR. SHOOK: Your Honor, the Bureau offers Exhibit  
14    101?

15               JUDGE CHACHKIN: Any objection?

16               MR. WERNER: No, Your Honor.

17               MR. JOHNSON: No, Your Honor.

18               JUDGE CHACHKIN: Exhibit 101 is received.

19                               (The document referred to,  
20                               having been previously marked  
21                               for identification as MMB  
22                               Exhibit No. 101, was received  
23                               into evidence.)

24               BY MR. SHOOK:

25           Q     Mr. Watson, could you please turn to Exhibit 100,

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1 page 3?

2 JUDGE CHACHKIN: Page what?

3 MR. SHOOK: Three.

4 THE WITNESS: Okay.

5 BY MR. SHOOK:

6 Q Now, correct me if I'm wrong, but I believe page  
7 3, 4, 5, 6 and 7 are all related to the meeting that is  
8 referenced, the December 23, 1996 meeting?

9 A Yes, I believe it is.

10 Q Now, did you attend this meeting as indicated in  
11 the minutes?

12 A Yes, I did.

13 Q Do you know when the notice -- you'll notice that  
14 on page 3, the first paragraph reads, "Pursuant to notice  
15 mailed."

16 Do you happen to know when the notice of the  
17 meeting was mailed?

18 A No, no, not really, but it was some time before  
19 that. I mean, there was a notice mailed. On this  
20 particular one I recall -- I recall seeing it.

21 Q Do you happen to know who mailed the notices?

22 A Dave Hicks did. He prepared the agenda and mailed  
23 that out with the notice to the individuals.

24 Q Right. With respect to that, the third paragraph  
25 on page 3 makes reference to an agenda, and your testimony

1 is that Mr. Hicks had prepared that agenda and mailed it  
2 out?

3 A Yes.

4 Q Now, I want to direct your attention to the fifth  
5 paragraph, the one begins, "The Chairman then referred..."  
6 If you will just read that to yourself, please.

7 A Yes, I see it.

8 Q Is it --

9 A I've forgotten it, but I see it.

10 Q All right. Is it fair to infer that Hicks  
11 Broadcasting of Indiana LLC had not had anyone previously  
12 serving on the management committee as prescribed by the  
13 Joint Sales Agreement?

14 A That's correct. I think I testified that there  
15 really wasn't any committee before this or after it.

16 Q Now, I want you to take a look and read to  
17 yourself the last paragraph that appears on page 3.

18 (Witness reads document.)

19 A Okay.

20 Q Now, am I reading this right or does this suggest  
21 that prior to this meeting some members were not receiving  
22 monthly financial statements?

23 A I think that's -- I mean, that's correct. I  
24 believe Dave was the only one receiving them.

25 Q But he was receiving the monthly for him?